

Voting members of the Michigan Farm Produce Insurance Program

Representing producers from the largest Michigan organization representing general farm interests:

Carmen Cousino, Temperance, MI

Derek LeCronier, Freeland, MI

Carl Bednarski, Caro, MI

Vice Chairperson, Michigan Farm Produce Insurance Fund Board

Representing producers from the largest Michigan organization representing interests of soybean producers:

Lyle LeCronier, Freeland, MI

Representing producers from the largest Michigan organization representing interests of agricultural lenders:

Mark Stoeckle, Cass City, MI

Treasurer, Michigan Farm Produce Insurance Fund Board

Representing producers from the largest Michigan organization representing interests of corn producers:

William Lynn Uphaus, Manchester, MI

Representing producers from the largest Michigan organization representing interests of dry bean producers:

Gene VanDriessche, Bay City, MI

Non-voting members:

Representing licensees from the largest Michigan organization representing interests of licensees:

Arthur Loeffler, Frankenmuth, MI

Michigan AgriBusiness Association

Dan Wyant, Director

Michigan Department of Agriculture

Chairperson, Michigan Farm Produce Insurance Fund Board

MICHIGAN DEPARTMENT OF AGRICULTURE
PRODUCERS SECURITY SERVICES SECTION
CONSTITUTIONAL HALL – 6TH FLOOR
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MICHIGAN FARM PRODUCE INSURANCE PROGRAM



**Securing your investment.
Protecting your future.**

Michigan Farm Produce Insurance Program

The Michigan Farm Produce Insurance Program was created by P.A. 198 of 2003 to protect you in the event of a farm produce dealer's financial failure. It secures your investments and protects your future by establishing a fund to pay you if a farm produce dealer fails.

Farmers protecting farmers

Beginning January 1, 2005, farm produce buyers in Michigan will be required by law to collect two-tenths percent (.002) from each producer's payment as premiums to fund the Michigan Farm Produce Insurance Program. These farmer-paid premiums are used to protect you from the loss of your investment should a farm produce dealer fail. Under the program, farm produce includes:

- Dry edible beans
- Soybeans
- Corn
- Small grains
- Cereal grains

The Michigan Farm Produce Insurance Program Board is chaired by the Director of the Michigan Department of Agriculture and consists of 9 members (7 voting) who represent farmers and grain, feed and banking interests. The Board administers the Farm Produce Insurance Program.

Protection that counts

If a farm produce dealer fails and you have paid into the fund, as required, you are entitled to 100% payment on your farm produce that has been stored under warehouse receipt in Michigan licensed warehouses, or 90% payment on all other financial losses from farm produce delivered to the buyer.

What is your cost and coverage?

EXAMPLE

If a producer has delivered farm produce valued at \$25,000 to a farm produce dealer that does not pay the producer, the cost to the producer would be:

- $\$25,000 \times .002 = \50 producer premium

The coverage provided would be:

- 100% coverage on stored farm produce = \$25,000

OR

- 90% coverage on other farm produce = \$22,500

The \$50 premium (\$2.00 per \$1,000 of net sales) will provide \$25,000 of coverage to the producer on farm produce stored under warehouse receipt or \$22,500 of coverage to the producer on other farm produce such as price later agreements, less any usual and customary charges associated with the sale.

Premium security

The premiums secure your investment and protect your financial future. You can receive a refund of the premiums you paid into the fund (within 12 months of payment) by submitting a completed form and proper documentation. To receive the form, contact the Michigan Department of Agriculture, Producer Security Services Section at (517) 241-2865. However, if you request a premium refund, regardless of the crop or buyer, you are **not** protected by the fund.

You may petition the Board for re-entry at its annual meeting. Upon acceptance, all refunded premiums are required to be repaid, with interest, for you to be fully covered. If you do not repay premiums before a failure that causes you to lose money, you are **not** eligible to receive payment from the fund.

Keep your records

The Board may request some proof of the payment of premiums to the fund during the claims validation process. ***Producers should keep records of all their transactions in case of a failure.***

Building a foundation

Protecting the future starts with building a foundation. The foundation in this case is the fund. It is established such that after reaching \$5 million, premiums will no longer be collected. If the fund dips below \$3 million, premium collection will be reinstated.

It is estimated that assessments under this program will generate sufficient funds to reach the \$5 million dollar cap on the fund within about 4 years, assuming no losses are paid out during the period.

Crop	5 yr. Average Value	% Sold to (X) Lic. Elev.	Assessment (X) Rate	Annual (=) \$ to FPI
Corn:	\$356 ml	55%=\$196 ml	.2%	\$392,000
Soys:	\$352 ml	70%=\$246 ml	.2%	\$493,000
Wheat:	\$86 ml	65%=\$56 ml	.2%	\$112,000
Dry beans:	\$78 ml	75%=\$59 ml	.2%	<u>\$117,000</u>

Total estimated annual contribution to the fund: **\$1,114,000**

If you have any questions or would like more information about the Michigan Farm Produce Insurance Program, call (517) 241-2865 or visit <http://www.michigan.gov/graindealers>.